

The member concluded with the following requests :—

(i) An extent of 34.41 acres of *kayal poramboke* comprised in Survey No. 441/1-B of the Kottukal *pakuthi*, Neyyattinkara taluk, should be assigned to the Pulayas.

(ii) The Pulayas should be given, free of cost, plans of the lands registered in their names on concessional terms in the Vilappil *pakuthi*, Neyyattinkara taluk, and in the Uzhamalakkal *pakuthi*, Neduvangad taluk, to enable them to know the correct boundaries of their holdings.

(iii) Stringent orders should be issued to prevent encroachments on the lands earmarked for the depressed classes.

DEWAN'S REPLY: Mr. Aiyar Kali, I have already said that special efforts are being made to facilitate the sale of land on concessional terms to the depressed classes. Concessions at present allowed are very substantial. I will just read them out to you.

"Lands will be assigned without auction sale up to a limit of 3 acres to each family free of *taravila*. The ordinary rates of assessment will only be charged. If the value of reserved timber standing on the three acres of land is less than Rs. 10, no *tadavila* will be charged. All back arrears of assessment will be remitted."

These are substantial enough terms and even under these terms it will be very useful and very valuable for the depressed classes to secure lands. But one thing I must tell you plainly, that the depressed classes, not even the Pulayas, will not be permitted to go round, pick and choose a particular piece of land and insist on having that piece of land and that piece of land alone. The Government have earmarked certain areas out of which lands will be given to them; and, rest assured, out of these lands, every attempt will be made to benefit the Pulayas, equally with the other classes. The question of appointing a special officer as the Protector of the Depressed Classes who will be able to devote his whole time to their well-being is now being considered by the Government.

14. Assessment of Income Tax.

MR. KHADIR MAKKAR (*Member, Kunnathnad taluk, Group II*) spoke about the grievances of the public resulting from the working of the Income Tax Regulation and the rules issued thereunder and condemned the existing mode of assessing income tax. Although most of the defects he was going to speak about had been brought to the notice of the Government at former sessions of the Assembly, they had not yet been removed.

Tahsildars were fixing the amount of income tax arbitrarily on the basis of the local importance of the assessee. The accounts produced by the merchants and the statements given by them in support of their 'D' returns were not generally accepted by the Collectors, who always insisted on the production of accounts prepared by qualified accountants. That was a source of hardship and inconvenience to the merchants.

Assessments were made on the basis of the amounts assessed in the previous year irrespective of the amount refunded as excess tax recovered. If there were no proper heads under which the whole income of an assessee could be classified, the accountable portion was included under "other sources" and assessed as such. That was very hard.

Another grievance was that, for the same class of merchants, different rates of percentage of profits were arbitrarily fixed. The percentage varied from $6\frac{1}{4}$ to $12\frac{1}{2}$ in the case of wholesale merchants and from $12\frac{1}{2}$ to 25 in the case of retail dealers. The above percentages were high, especially in the case of dealers in rice, salt and other articles of daily necessity. In fact, the wholesale merchants made more profits than the retail dealers. The former never sold articles except when they fetched good prices and they had to spend little by way of incidental expenses. In the circumstances, the member prayed that the percentage be fixed at $3\frac{1}{2}$ to $6\frac{1}{4}$ in the case of retail dealers and $6\frac{1}{4}$ to $12\frac{1}{2}$ in the case of wholesale dealers.

His next suggestion was that a merchant who had only one house and one shop should not be assessed on the basis of annual letting value of either.

Similarly, in assessing interest on money lent, only the amount actually received and not the interest which accrued in any one year should be taken into account.

In conclusion, the member advocated the appointment of an Income Tax Board for each municipal town in the State where assessee's mostly lived and the transfer of the Collectors' duties in respect of those towns to the boards. The members of the board should, besides being scrupulously honest, be also income tax assessee's and persons well versed in mercantile accounts. The member was sure that, if such boards were constituted, many of the grievances now experienced by the assessee's would vanish.

DEWAN'S REPLY : Mr. Khadir Makkar, I have no doubt you feel a real grievance about income tax. We all do the same. Nobody likes to pay income tax. We have all got to pay it. As regards the mode of assessment, possibly, there is something in what you say since the Tahsildars are such hard-worked officials that they cannot reasonably be expected to devote their personal care and attention to assessments, which is really necessary if they are to be accurate. I have felt so much the need for improving the assessing agencies that I have under consideration at the present moment certain proposals which the Land Revenue Commissioner, the Financial Secretary and the Chief Secretary have together drawn up for effecting some improvement in the agency, and I hope to take up the matter before long.

As for the Income Tax Board, I do not think it is feasible. For one thing, you will find it much easier to deal with one individual than with several. If it is one individual, you will have to please only one. But when you go to a board, you have to convince 3 or 4 or 5 and you know well all are not always of the same opinion.

15. Hardships caused to the merchants on account of the working of the Income Tax Regulation.

Mr. OUSEPH OUSEPH (*Member, Trading Classes, Changanacherry*) spoke about the evils attendant on the working of the Income Tax Regulation. Referring to the examination of the accounts produced by the merchants, he said that while the accounts were accepted and acted upon by the civil courts, the Income Tax Collectors and the clerks under them, who were entrusted with the duty of examining the accounts, generally disbelieved them and refused to accept them, unless they were pleased with presents by the assessee's. If the accounts were, in any instance, proved to be false, a proper course would be to start criminal proceedings against the persons concerned and not to reject all accounts summarily. In the circumstances, the member's first prayer was that instructions should be issued to the authorities concerned not to discard arbitrarily the accounts produced by the merchants as unreliable.

He next referred to the impropriety of fixing the taxable income of a person at a certain percentage of the gross receipts. The percentages were fixed by the subordinates of the Collectors' offices on the basis of the turnover of the businesses of the assessee's, but without any regard to the actual expenditure incurred by the assessee's in earning the profits. Very often the Collectors approved the percentages so fixed. It was indeed very hard. In many cases, though the turnover was good, the business transactions might have resulted in loss to the trader. Such arbitrary assessments should be stopped. He suggested also that, in cases where arbitrary assessments were made and the parties obtained relief in the appellate courts, the Collectors concerned should be asked to compensate the parties for the loss incurred by them in preferring appeals. Such a rule would make the Collectors more responsible in their work. Instructions should also be issued to stop the vagaries of the subordinates in the Collectors' offices.

The third point touched upon by the member was about the indefiniteness of the term "other sources". The total incomes of merchants were arbitrarily fixed and portions of them for which details were not available were classed under "other sources". There was absolutely no basis for fixing the amounts under that head. That practice should be put an end to.